Got $3,000? These 3 Stocks Could Turn That Into $10,000

Description

Risk tolerance: it's an investment trait that all growth investors or other types of investors seeking to add a healthy amount of growth to their portfolios should possess. Technically, every investor has some level of risk tolerance, but that level has to be kicked up a few notches when you are looking for stocks that could help with three times or more capital appreciation (in a relatively short timeframe).

The timeframe is key since you can easily find stocks that can triple your money in a decade or so, but the right stocks might help you achieve that growth in less than a decade without straining your risk tolerance to its limits.

An automobile dealership group

AutoCanada (TSX:ACQ) has displayed the kind of growth you need to turn $3,000 into $10,000 about two times in the last decade. It went through an amazing growth phase between 2011 (the beginning) and mid-2014 when the stock reached its all-time high valuation. The stock grew by over 1,700% in those three-and-a-half years.

The second growth phase just passed. The stock grew its investors' capital by about 11 times between the market crash valuation and its 2021 peak. Now, it's on its way down, and you might consider buying this stock when it hits rock bottom. If you can divert just one-third of your $3,000 capital to this stock and it repeats history, it can single-handedly get you $10,000 (with only one-third of the capital).

A heavy-equipment and refrigeration company

If AutoCanada's erratic growth is not your cup of tea, or you want to balance it with stable/reliable growth, **Toromont Industries** (TSX:TIH) is a very conventional choice. The company has been growing quite steadily for over a decade now. And even though its post-crash growth is slightly faster than its historic growth, it's still not as unsustainable as many other growth stocks are offering.

The stock, though overvalued, is still a decent enough buy and offers a 1.2% yield. The 10-year CAGR of 21.6% is enough to multiply your capital by five in about nine years. So, if you invest $1,000 in the company, you can expect it to grow to about $5,800, bringing you halfway to $10,000 with just one-third the capital.

A powerful growth stock

goeasy (TSX:GSY) combines the best of both stocks above: consistency and rapid growth potential. The company has returned about 750% to its investors in the last five years alone. And it's also one of the most generous Dividend Aristocrats (by dividend growth, not yield). The stock has recently entered its long-overdue correction phase, and it might be a while before the stock has adequately cooled down, which should be when you buy.

You wouldn't just get the stock at a discounted valuation, but you might also lock in a much more attractive yield than the current 1.4% one it's offering. If we go by its 10-year CAGR of 42.5%, which is monstrously high, the stock is capable of growing your $1,000 investment to about $5,800 in just five years.

Foolish takeaway

If you invest $3,000 in these three growth stocks ($1,000 apiece), you are quite likely to see it grow to $10,000 (or more) in fewer than 10 years. Each company has its own timeline and growth pattern. AutoCanada can offer a massive fluke; Toromont offers steady growth; goeasy provides you with rapid yet consistent growth.

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